

SQA Higher Business Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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1. What term is used for when a business buys another and sells off its profitable sections gradually?

- A. Asset Stripping**
- B. Market Penetration**
- C. Joint Venture**
- D. Merger**

2. What is a 'unique selling proposition' (USP)?

- A. A feature that is commonly found in all products within a category**
- B. A strategy for maximizing customer service**
- C. A factor that differentiates a product from its competitors**
- D. A measure of customer satisfaction with a product**

3. What is a primary reason organizations utilize qualitative information?

- A. To gather numerical data**
- B. To analyze customer opinions about products**
- C. To create financial forecasts**
- D. To summarize factual data**

4. Which of the following best describes quality information?

- A. Accurate, complete, and timely**
- B. Accessible and costly**
- C. Complicated and comprehensive**
- D. Confidential and exclusive**

5. What kind of meetings or interactions often rely on written information for clarity?

- A. Informal chats over coffee**
- B. Formal presentations and reports**
- C. Team-building exercises**
- D. Brainstorming sessions**

6. What does the mark-up ratio indicate?

- A. It shows the company's liquidity status**
- B. It measures the profit made after all business expenses have been paid**
- C. It indicates the total profit made on the cost of goods**
- D. It shows the return on capital employed**

7. What is a method where a vehicle is deposited for with the remainder paid in installments?

- A. Finance lease**
- B. Hire purchase**
- C. Operating lease**
- D. Purchase order**

8. What is the primary focus of marketing orientation in a business?

- A. Product research and testing**
- B. Maximizing production output**
- C. Cost reduction**
- D. Customer needs and preferences**

9. What type of production relies heavily on the workforce rather than machinery?

- A. Batch production**
- B. Flow production**
- C. Labour-intensive production**
- D. Capital-intensive production**

10. What is a common risk associated with holding excess inventory?

- A. Increased customer satisfaction**
- B. Risk of stock becoming obsolete**
- C. Lower operational costs**
- D. Higher employee morale**

Answers

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1. A
2. C
3. B
4. A
5. B
6. C
7. B
8. D
9. C
10. B

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Explanations

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1. What term is used for when a business buys another and sells off its profitable sections gradually?

- A. Asset Stripping**
- B. Market Penetration**
- C. Joint Venture**
- D. Merger**

Asset stripping refers to a strategy where a business acquires another company and systematically sells off its profitable divisions or assets to maximize short-term financial gains. This process is typically pursued by investment firms or companies looking to recoup their investment quickly by liquidating parts of the acquired business that are generating revenue. In the context of the provided choices, asset stripping stands out because it specifically denotes the action of dismantling a company for parts, often leading to significant changes in the surviving business structure. This practice contrasts with market penetration, which focuses on increasing market share, joint ventures that involve partnerships for mutual benefit, and mergers that generally aim for long-term growth and integration of two firms rather than the disintegration of their operations.

2. What is a 'unique selling proposition' (USP)?

- A. A feature that is commonly found in all products within a category**
- B. A strategy for maximizing customer service**
- C. A factor that differentiates a product from its competitors**
- D. A measure of customer satisfaction with a product**

A 'unique selling proposition' (USP) is defined as a factor that differentiates a product from its competitors. This concept is integral in marketing and business strategy, as it highlights what makes a product or service distinct and appealing to consumers. By clearly articulating what sets a product apart, businesses can effectively communicate its value to potential customers, which can lead to increased sales and brand loyalty. For instance, a USP could be a standout feature, superior quality, exceptional service, or an innovative design that competitors do not offer. Identifying and promoting a USP is crucial for businesses striving to carve out their market niche and attract their target audience. In contrast, features commonly found in all products within a category do not indicate uniqueness and do not serve as a distinguishing factor. Strategies focused on maximizing customer service, while important for overall customer satisfaction, do not specifically highlight what makes a product unique. Similarly, measures of customer satisfaction pertain more to customer experiences rather than differentiating factors that set products apart in the market. Understanding and leveraging a strong USP is essential for effective marketing and competitive advantage.

3. What is a primary reason organizations utilize qualitative information?

- A. To gather numerical data**
- B. To analyze customer opinions about products**
- C. To create financial forecasts**
- D. To summarize factual data**

Organizations utilize qualitative information primarily to analyze customer opinions about products. This type of information is invaluable in understanding customer perceptions, feelings, and motivations, which are often not captured by quantitative data. By gathering qualitative insights, companies can glean deeper insights into what customers value, their preferences, and how they perceive the brand and its offerings. This understanding can inform product development, marketing strategies, and customer service improvements in ways that numerical data alone cannot achieve. The other choices illustrate methods or types of data collection that are more aligned with quantitative research, such as gathering numerical data or creating financial forecasts. While summarizing factual data is also important, it does not capture the nuanced perspectives that qualitative information offers. Thus, qualitative data serves a unique and essential role in shaping an organization's strategic decisions based on customer insights.

4. Which of the following best describes quality information?

- A. Accurate, complete, and timely**
- B. Accessible and costly**
- C. Complicated and comprehensive**
- D. Confidential and exclusive**

Quality information is best described as accurate, complete, and timely because these characteristics ensure that the information effectively meets the needs of users. Accuracy ensures that the data is free from errors, which is crucial for making sound decisions. Complete information means that all necessary data is available, providing a full picture that allows for informed conclusions. Timeliness refers to the data being available when it is needed, which is essential for it to be relevant and useful in decision-making processes. This combination of attributes is vital in a business context, as it directly impacts the quality of decisions made based on that information. Without accuracy, completeness, and timeliness, information may lead to poor decision-making, which can have detrimental effects on a business. The other options present attributes that may not align with the true essence of quality information essential for effective business practices.

5. What kind of meetings or interactions often rely on written information for clarity?

- A. Informal chats over coffee**
- B. Formal presentations and reports**
- C. Team-building exercises**
- D. Brainstorming sessions**

Formal presentations and reports are essential forms of communication in a business setting that heavily rely on written information for clarity. These interactions are typically structured and presented to a specific audience, such as stakeholders, management, or team members, where clear and precise information is crucial. Written documents provide a framework that outlines objectives, data, and findings, allowing the audience to follow along more effectively. Additionally, written materials can be referenced later, ensuring that all participants have a consistent understanding of the subject matter discussed. The use of visuals, such as slides or handouts, in formal presentations further enhances comprehension and retention of the information. Reports, which summarize research, data, or analysis, also serve as a documented source that can be reviewed, thus reinforcing the main points communicated during the presentation. As a result, the reliance on written information in these contexts is vital for ensuring clarity and accountability in the communication process.

6. What does the mark-up ratio indicate?

- A. It shows the company's liquidity status**
- B. It measures the profit made after all business expenses have been paid**
- C. It indicates the total profit made on the cost of goods**
- D. It shows the return on capital employed**

The mark-up ratio is a critical metric that measures the profit margin based on the cost of goods sold. By indicating how much more a company charges for its products compared to the cost of producing those products, the mark-up ratio provides insight into pricing strategy and profitability. When a business sets its selling price above the cost, the difference—expressed as a ratio—reflects the total profit made concerning the cost involved in acquiring or producing those goods. This is essential for understanding the financial health of a business and its ability to cover costs while generating profit through sales. In contrast, liquidity status refers to a company's ability to meet its short-term obligations, which is not what the mark-up ratio assesses. The measurement of profit after all business expenses have been paid relates more to net profit margins, which differ from mark-up calculations. Lastly, return on capital employed focuses on the efficiency and profitability of capital investments rather than specifically on the profit derived from the cost of goods sold. Thus, the mark-up ratio distinctly highlights the relationship between the cost of goods and selling price, confirming its correctness as the option that indicates total profit made on the cost of goods.

7. What is a method where a vehicle is deposited for with the remainder paid in installments?

- A. Finance lease**
- B. Hire purchase**
- C. Operating lease**
- D. Purchase order**

The correct choice is a hire purchase, which is a method commonly used in the purchase of vehicles and other high-value assets. In a hire purchase agreement, the customer pays an initial deposit on the vehicle and then pays off the remaining balance through scheduled installments over a set period of time. This arrangement allows the customer to effectively "hire" the vehicle for the duration of the payment term, with the option to buy it outright at the end of the agreement by paying any remaining balance. This method is particularly appealing to individuals or businesses that want to spread out the cost of an asset over time, making it more manageable. In contrast, a finance lease involves leasing a vehicle with the option to purchase it at the end of the lease term, but the lessee does not have the right to own the vehicle until the final payment is made, which can be less straightforward compared to a hire purchase. An operating lease is similar to a rental agreement and does not typically include an option to purchase the asset; instead, the asset is returned at the end of the lease term. A purchase order, on the other hand, is simply a document used in business transactions to request the purchase of goods or services and isn't directly related to financing methods. Understanding these distinctions

8. What is the primary focus of marketing orientation in a business?

- A. Product research and testing**
- B. Maximizing production output**
- C. Cost reduction**
- D. Customer needs and preferences**

The primary focus of marketing orientation in a business is centered on understanding and responding to customer needs and preferences. This approach prioritizes the desires and requirements of the customers above all. Businesses that adopt marketing orientation strive to gather information about their target market's preferences, behaviors, and trends to develop products and services that effectively meet those needs. By focusing on customers, companies can create more relevant and appealing offerings, leading to increased customer satisfaction, loyalty, and ultimately, greater profitability. This strategy acknowledges that success in the marketplace is contingent upon being attuned to the audience and adapting to their changing demands, rather than simply pushing products or reducing costs. Understanding and integrating customer feedback becomes essential for continuous improvement and competitive advantage in today's dynamic business environment.

9. What type of production relies heavily on the workforce rather than machinery?

- A. Batch production**
- B. Flow production**
- C. Labour-intensive production**
- D. Capital-intensive production**

Labour-intensive production refers to a type of production process that relies significantly on human labor rather than machinery or automated processes. This approach is typically characterized by a higher proportion of workers in the production process compared to the amount of capital invested in machinery or technology. Industries such as agriculture, textiles, and some handcrafted goods often exemplify labour-intensive production, where skilled workers are essential for tasks that require dexterity, creativity, or specialized knowledge. This method can be advantageous when labor costs are lower than capital costs, making it economically feasible to employ more workers. Additionally, labour-intensive production can be more flexible, allowing for quick adjustments based on changes in demand or design. Understanding this concept is crucial because it helps illustrate the varying strategies businesses can adopt in their production processes based on their resources, the nature of the product, and market needs. In contrast, techniques like batch or flow production typically involve machinery and automation to increase efficiency and reduce the amount of manual labor required. Capital-intensive production, on the other hand, focuses on maximizing investments in technology and machinery rather than human workforce.

10. What is a common risk associated with holding excess inventory?

- A. Increased customer satisfaction**
- B. Risk of stock becoming obsolete**
- C. Lower operational costs**
- D. Higher employee morale**

Holding excess inventory poses several risks, and one of the most significant is the risk of stock becoming obsolete. This occurs when products are not sold in a timely manner, especially in industries where trends change rapidly or technology evolves quickly. As new products are introduced or consumer preferences shift, older inventory can lose its market value or relevance. Obsolete stock not only ties up capital that could be used elsewhere in the business but can also lead to lost profits and increased costs associated with storage and maintenance. Further, businesses may need to sell such outdated inventory at a discount, resulting in financial losses. This potential for obsolescence is a crucial consideration for companies managing their inventory levels, particularly in fast-moving consumer goods, electronics, and fashion industries. While increased customer satisfaction might be a byproduct of having sufficient inventory to meet demand, it does not directly address the risks involved. Similarly, lower operational costs and higher employee morale may be associated with efficient inventory management, but they do not reflect the specific risk tied to having too much inventory. Therefore, the risk of stock becoming obsolete accurately highlights a core challenge that businesses face when managing excess inventory.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://sqahigherbusiness.examzify.com>

We wish you the very best on your exam journey. You've got this!

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